Jewish Family and Children's Services
OF SAN FRANCISCO, THE PENINSULA, MARIN AND SONOMA COUNTIES

Report of Independent Auditors and Financial Statements

June 30, 2024
(with Summarized Comparative Information for Year Ended June 30, 2023)

Table of Contents

Report of Independent Auditors

The Board of Directors
Jewish Family and Children's Services

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Jewish Family and Children's Services (JFCS), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Jewish Family and Children's Services as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of JFCS and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 15 to the financial statements, as of January 1, 2024, Scott Street Senior Housing Complex, Inc. (dba Rhoda Goldman Plaza) was merged into JFCS. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about JFCS' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with U.S. GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with U.S. GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of JFCS' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about JFCS' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matter

Prior Period Summarized Comparative Information

We have previously audited JFCS' 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 8, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Moss Adams LLP

San Francisco, California
December 6, 2024

Financial Statements

Jewish Family and Children's Services
Statement of Financial Position
June 30, 2024
(with Summarized Comparative Information at June 30, 2023)

	2024	2023
ASSETS		
Cash and cash equivalents	$ 2,272,177	$ 1,315,475
Accounts receivable, net	2,054,516	2,213,167
Contributions receivable, net	34,222,886	30,178,214
Notes receivable, net	397,414	651,951
Prepaid expenses and deposits	645,034	810,897
Assets held in split-interest agreements	8,187,851	7,447,988
Investments	86,522,692	70,678,923
Property and equipment, net	99,207,370	31,885,590
Deferred compensation assets	437,526	-
Right-of-use assets - operating	1,839,035	1,933,741
Right-of-use assets - finance	265,414	252,012
Total assets	$ 236,051,915	$ 147,367,958
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	$ 9,551,095	$ 7,244,620
Notes payable	14,730,462	9,871,364
Liabilities under split-interest agreements, net	4,905,840	4,719,129
Deferred compensation liability	437,526	-
Lease liabilities - operating	1,839,035	1,933,741
Lease liabilities - finance	283,678	261,240
Total liabilities	31,747,636	24,030,094
NET ASSETS		
Without donor restrictions	104,444,701	33,344,374
With donor restrictions	99,859,578	89,993,490
Total net assets	204,304,279	123,337,864
Total liabilities and net assets	$ 236,051,915	$ 147,367,958

See accompanying notes.

Jewish Family and Children's Services
Statement of Activities
Year Ended June 30, 2024
(with Summarized Comparative Information for Year Ended June 30, 2023)

	Without Donor Restrictions	With Donor Restrictions	Total 2024	Total 2023
REVENUE, SUPPORT, AND GAINS				
Program service fees	$ 20,033,958	$ -	$ 20,033,958	$ 10,931,855
Grants and contributions	19,934,061	24,799,659	44,733,720	72,299,414
In-kind contributions	522,862	-	522,862	757,803
Changes in value of split-interest agreements	223,204	267,134	490,338	305,763
Net investment return	2,558,483	5,250,444	7,808,927	4,123,160
Other revenues	554,376	-	554,376	126,790
Net assets released from restrictions	20,451,149	(20,451,149)	-	-
Total revenue, support, and gains	64,278,093	9,866,088	74,144,181	88,544,785
EXPENSES				
Program services	54,734,709	-	54,734,709	39,897,440
Supporting services:				
Management and general	4,867,941	-	4,867,941	4,387,485
Development	3,199,787	-	3,199,787	2,975,433
Total supporting services	8,067,728	-	8,067,728	7,362,918
Total expenses	62,802,437	-	62,802,437	47,260,358
Change in net assets before other change in net assets	1,475,656	9,866,088	11,341,744	41,284,427
Other change in net assets				
Inherent contribution (see Note 15)	69,624,671	-	69,624,671	-
CHANGE IN NET ASSETS	71,100,327	9,866,088	80,966,415	41,284,427
NET ASSETS, beginning of year	33,344,374	89,993,490	123,337,864	82,053,437
NET ASSETS, end of year	$ 104,444,701	$ 99,859,578	$ 204,304,279	$ 123,337,864

See accompanying notes.

Jewish Family and Children's Services
Statement of Functional Expenses
Year Ended June 30, 2024
(with Summarized Comparative Information for Year Ended June 30, 2023)

	Program Services						Supporting Services				
	Older Adults	Assisted Living	Children and Youth Services	Community Services	Adult Services	Total	Management and General	Development	Total	Total 2024	Total 2023
Salaries and wages	$ 14,353,535	$ 4,475,509	$ 4,605,611	$ 2,164,052	$ 2,398,580	$ 27,997,287	$ 2,104,534	$ 1,894,784	$ 3,999,318	$ 31,996,605	$ 24,919,739
Payroll taxes and benefits	3,505,439	1,267,235	904,630	427,071	538,953	6,643,328	360,356	445,414	805,770	7,449,098	5,935,910
Assistance to individuals	4,042,900	548,427	109,773	1,280,956	226,447	6,208,503	8,520	689	9,209	6,217,712	4,801,214
Professional fees	1,500,321	300,787	537,215	344,350	468,482	3,151,155	1,277,120	407,271	1,684,391	4,835,546	3,366,802
Occupancy	589,105	696,679	488,148	140,265	278,442	2,192,639	265,743	123,944	389,687	2,582,326	1,801,637
Donor-advised grants	-	-	-	2,378,315	-	2,378,315	-	-	-	2,378,315	371,565
Depreciation and amortization	570,950	639,740	434,242	97,796	312,037	2,054,765	135,019	70,579	205,598	2,260,363	1,451,310
Publicity	383,820	44,575	359,898	33,492	13,476	835,261	16,470	89,564	106,034	941,295	759,816
Supplies	193,319	246,531	53,198	24,768	100,466	618,282	13,791	15,656	29,447	647,729	444,660
Transportation	496,883	10,423	20,614	27,561	9,917	565,398	2,595	3,361	5,956	571,354	486,146
Conferences and meetings	57,389	13,953	25,141	319,526	16,578	432,587	125,201	10,319	135,520	568,107	609,028
Insurance	108,342	175,705	42,368	18,881	39,249	384,545	107,776	6,616	114,392	498,937	302,955
Telephone	185,587	13,866	115,034	31,773	49,291	395,551	29,401	27,112	56,513	452,064	359,725
Interest	-	113,767	-	-	-	113,767	317,881	-	317,881	431,648	281,478
Equipment rental and maintenance	71,178	57,577	62,106	21,521	39,581	251,963	12,215	5,632	17,847	269,810	258,833
Other expenses	89,416	24,981	27,250	14,106	19,293	175,046	16,359	2,947	19,306	194,352	111,778
Recruitment	93,530	21,754	4,854	35,724	25,694	181,556	2,396	1,216	3,612	185,168	209,240
Printing and publications	37,341	-	22,319	12,106	8,551	80,317	16,444	77,479	93,923	174,240	155,302
Dues	6,178	7,465	5,205	2,586	4,251	25,685	44,219	137	44,356	70,041	40,810
Postage and shipping	10,588	1,478	16,315	4,079	2,723	35,183	2,529	17,067	19,596	54,779	58,231
Bad debt	7,129	6,337	110	-	-	13,576	9,372	-	9,372	22,948	534,179
Total expenses by function	$ 26,302,950	$ 8,666,789	$ 7,834,031	$ 7,378,928	$ 4,552,011	$ 54,734,709	$ 4,867,941	$ 3,199,787	$ 8,067,728	$ 62,802,437	$ 47,260,358

See accompanying notes.

Jewish Family and Children's Services
Statement of Cash Flows
Year Ended June 30, 2024
(with Summarized Comparative Information for Year Ended June 30, 2023)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ 80,966,415	$ 41,284,427
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation and amortization	2,260,363	1,513,436
Inherent contribution, net of cash acquired	(68,902,742)	-
Loss on uncollectable accounts, notes, and contributions receivables	22,948	534,179
Realized and unrealized gain on investments	(5,795,312)	(2,391,322)
Loss on sale of property and equipment	42,329	2,733
Changes in value of split-interest agreements	(490,338)	(305,763)
Contributions restricted for endowment	(1,596,972)	(7,385,794)
Contributions restricted to building project	(4,552,293)	(29,483,671)
Changes in discount on contributions and grants receivable	(104,393)	2,975,487
Changes in operating assets and liabilities:		
Accounts receivable	142,040	(426,875)
Grants and contributions receivable	(3,946,616)	(24,166,111)
Prepaid expense and deposits	557,598	(67,381)
Accounts payable and accrued expenses	587,397	(110,878)
Lease liabilities - operating	(94,706)	(92,694)
Net cash used in operating activities	(904,282)	(18,120,227)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	25,233,838	63,839,479
Purchases of investments	(20,891,615)	(70,072,494)
Purchases of property and equipment	(9,806,013)	(11,803,727)
Issuance of notes receivable	(166,800)	(334,375)
Proceeds from payments of notes receivable	421,337	174,734
Payments to beneficiaries of split-interest agreements	(429,892)	(414,717)
Withdrawal from assets held under split-interest agreements	482,466	435,342
Net cash used in investing activities	(5,156,679)	(18,175,758)

(continued to next page)

See accompanying notes.

Jewish Family and Children's Services
Statement of Cash Flows (Continued)
Year Ended June 30, 2024
(with Summarized Comparative Information for Year Ended June 30, 2023)

(continued from previous page)

	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES		
Collections of contributions restricted to endowment	$ 1,596,972	$ 7,385,794
Collections of contributions restricted to investments in buildings	4,552,293	29,483,671
Proceeds from borrowing on notes payable	8,175,938	-
Principal paid on notes payable	(7,229,009)	(712,354)
Payments of lease liability - finance	(78,531)	(72,399)
Net cash provided by financing activities	7,017,663	36,084,712
NET CHANGES IN CASH AND CASH EQUIVALENTS	956,702	(211,273)
CASH AND CASH EQUIVALENTS, beginning of year	1,315,475	1,526,748
CASH AND CASH EQUIVALENTS, end of year	$ 2,272,177	$ 1,315,475
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Right-of-use operating lease assets obtained in exchange for operating lease liabilities	$ -	$ 2,206,435
Right-of-use finance lease assets obtained in exchange for finance lease liabilities	$ 100,969	$ 333,639
SUPPLEMENTAL DISCLOSURE OF CASH FLOWs INFORMATION		
Cash paid during the year for interest	$ 423,069	$ 441,874

See accompanying notes.

Note 1 – Nature of Organization

Jewish Family and Children's Services (JFCS), has been serving residents of San Francisco, the Peninsula, Marin, and Sonoma Counties since it was founded in 1850. Guided by the Jewish values of *tzedakah* and *tikun olam* – social justice and repairing the world – JFCS is one of the oldest and largest family services organizations in the United States, serving over 120,000 people annually.

JFCS' mission is to provide professional and volunteer services for the purposes of developing, restoring, and maintaining the competency of families and individuals of all ages while emphasizing inter-generational ties and community responsibility.

On January 1, 2024, Scott Street Senior Housing Complex, Inc. (dba Rhoda Goldman Plaza), a California nonprofit public benefit corporation (RGP) was merged into JFCS, refer to Note 15.

In furtherance of its mission, JFCS provides high-quality, research-based social services, therapeutic resources, and educational programs for people of all ages, faiths, and backgrounds. As a problem-solving center for children, families, and older adults, JFCS assists people as they face life transitions and personal crises in five core program areas.

Older adults – JFCS helps older adults to live independently through its award-winning Seniors At Home program, which includes home care services, dementia care, palliative and end-of-life care, care management, healthcare advocacy, support for Holocaust survivors, counseling, adult day health care, meal delivery, fiduciary services, and other practical and spiritual support services.

Assisted living – Through its RGP assisted living and memory care community, JFCS provides housing with supportive services for the elderly in an environment that promotes their independence at an affordable cost. Residents receive quality care tailored to their individual needs and enriched by Jewish tradition in an atmosphere dedicated to promoting health and well-being in mind, body, and spirit.

Children and youth services – Through the Center for Children and Youth, JFCS improves the lives of children and families by providing a range of clinical mental health services for children and teens, parent coaching and education programs, training for child development professionals, and public policy advocacy. JFCS also helps families through its adoption agency, housing and advocacy programs, financial advice and assistance services, and youth educational and mentoring programs.

Community services – JFCS provides community education programs, volunteer support services, bereavement and healing programs, spiritual support services, Holocaust education programs, individual emergency assistance, and other practical and emotional support services to the community at large.

Adult services – JFCS offers services to adults through its financial assistance and small business loan program, counseling services, disability services program, domestic violence prevention program, independent living program, citizenship legal services, and other practical and emotional support services.

Note 2 – Significant Accounting Policies

Basis of accounting – The accompanying financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Comparative financial information – The accompanying financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S GAAP. Accordingly, such information should be read in conjunction with the audited financial statements for the year ended June 30, 2023, from which the summarized information was derived.

Use of estimates – The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents – JFCS considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to permanent endowment or other long-term purposes are excluded from this definition.

Accounts receivable – Accounts receivable consists of noninterest-bearing amounts. JFCS provides for losses on accounts receivable using the current expected credit loss method. JFCS determines the allowance for uncollectible accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectible. Allowance for expected credit losses was $219,803 for the year ended June 30, 2024.

Grants and contributions receivable – JFCS records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in grants and contribution revenue in the statement of activities. JFCS determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections.

Notes receivable – Notes receivable consist of low-interest individual assistance and student financial aid loans. All student loans are subsidized loans and can be repaid at any time before graduation without interest. The loan period following graduation is typically three years with annual interest rates ranging between 2.75% and 6.54%. Students also have a nine-month grace period with no interest after their graduation. JFCS also makes noninterest-bearing emergency assistance loans. The total allowance for all uncollectible notes receivable is estimated from historical performance and projections of trends and amounted to $533,710 for the year ended June 30, 2024.

Split-interest agreements – JFCS is a residual beneficiary of a number of split-interest agreements. These include charitable remainder trusts (CRT), charitable gift annuities (CGA), and pooled income funds (PIF). JFCS' net beneficial interest in the split-interest agreements is the difference between the assets and the liabilities. Assets held in split-interest agreements are recognized at estimated fair value and the corresponding liability for each split-interest agreement is the present value of the amount payable to the income beneficiary under terms of the agreement. In determining the present value, JFCS utilizes the 2012 Individual Annuity Reserve table, the estimated return on the invested assets, the contractual payment obligations under the agreements, and a discount rate reflective of current market conditions. The discount rate used for CRT and PIF was 6.0% and 4.5% for the CGAs.

Donor-advised funds – Individuals may establish donor-advised funds, whereby each fund and its related earnings may be distributed to charities recommended by the donor, subject to the approval of the Board of Directors. Donor-advised funds are classified as net assets without donor restrictions.

Investments – JFCS records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return is reported in the statement of activities and consists of interest and dividend income, and realized and unrealized capital gains and losses, less investment expenses.

Property and equipment – Property and equipment is recorded at cost if purchased, or if donated, at fair value at the date of donation. The cost of assets purchased under $2,000 is charged to expense. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of assets ranging from 5 to 40 years. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently. Costs and the related accumulated depreciation are eliminated from the accounts when an asset is retired.

Impairment of long-lived assets – JFCS reviews long-lived assets for indicators of impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment would be recorded in circumstances where undiscounted cash flows expected to be generated by an asset are less than the carrying value of that asset. As of June 30, 2024, there were no events or changes in circumstances indicating the carrying amount of long-lived assets may not be recoverable.

Leases – JFCS leases office space and computers under operating and finance leases. JFCS recognizes a lease liability and right-of-use (ROU) asset for all leases, including leases with an expected term greater than 12 months on its statement of financial position. Lease ROU assets and liabilities are recognized on the statement of financial position at commencement date, which is the date JFCS gains access to the property or underlying asset. The lease liability is determined based on the present value of the minimum lease payments using a risk-free incremental borrowing rate in effect at the time of the lease commencement or the rate implicit in the lease. The ROU asset is determined based on the lease liability adjusted for lease incentives received. Lease expense is recognized on a straight-line basis over the lease term in the statement of activities. Certain optional renewal periods were not included in the determination of the lease liability and ROU asset if management determined it was not reasonably certain that the lease would be extended.

Income taxes – JFCS is organized as a not-for-profit organization exempt from income tax under provisions of Internal Revenue Code §501(c)(3) and California Revenue and Taxation Code §23701d. Management has analyzed the tax positions taken by JFCS and has concluded that, as of June 30, 2024, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. JFCS is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Net assets – Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net assets without donor restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. Also included in net assets without donor restrictions are donor-advised funds. As of June 30, 2024, there were no board-designated net assets.

- *Net assets with donor restrictions* – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires; that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Donor-restricted contributions, conditional contributions, and appropriated endowment earnings received and expended in the same reporting period are recorded as net assets without donor restrictions.

Revenue and revenue recognition – JFCS recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been met.

A portion of JFCS' revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when JFCS incurs the expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

JFCS recognizes revenue from program service fees when the performance obligations of transferring the products or providing the services are met.

In-kind contributions – In-kind contributions are recognized in accordance with the provisions of Accounting Standards Codification (ASC) 958. Contributed services are recognized when the services received either (a) create or enhance a nonfinancial asset, or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donations. JFCS recognizes contributed use of a building, based on comparable rents in the San Francisco Bay area, that amounted to $253,280 for the year ended June 30, 2024. Contributed advertising and contributed legal services are valued at estimated fair value based on current rates for similar services and amounted to $118,697 and $150,885, respectively, for the year ended June 30, 2024. In-kind contributions were fully utilized in program services.

Functional allocation of expenses – The costs of providing JFCS' various programs and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Personnel, professional fees, and occupancy costs have been allocated based on time spent on each activity.

Advertising expense – Advertising costs are expensed as incurred. Total advertising expenses for the year ended June 30, 2024, were $1,004,718, which includes $118,697 of in-kind contributed advertising.

Accounting pronouncements recently adopted – Effective July 1, 2023, JFCS adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (ASU 2016-13), which introduced an expected credit loss methodology for the measurement and recognition of credit losses on most financial assets, including trade account receivables. The expected credit loss methodology under ASU 2016-13 is based on historical experience, current conditions, and reasonable and supportable forecasts, and replaces the probable/incurred loss model for measuring and recognizing expected losses under current U.S. GAAP. The impact of the adoption was not considered material to the financial statements and primarily resulted in enhanced disclosures.

Note 3 – Liquidity and Funds Available

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following as of June 30, 2024:

	2024
Cash and cash equivalents	$ 2,272,177
Accounts receivable, net	2,054,516
Grants and contribution receivable, current, without donor restrictions	9,456,315
Undesignated investments	5,682,559
Estimated endowment earnings appropriated	1,818,567
Net financial assets available to meet cash needs for general expenditures	$ 21,284,134

JFCS regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. JFCS has various sources of liquidity at its disposal, including cash and cash equivalents, marketable debt and equity securities, and lines of credit of $3,000,000, which was fully available at June 30, 2024, which it may use to draw funds to meet any funding shortfalls throughout the year.

Note 4 – Financial Instruments and Credit Risk

JFCS manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, JFCS has not experienced losses in any of these accounts.

Investments are exposed to various risks, including interest rate, credit, and overall market volatility. JFCS maintains a formal investment policy that sets out investment guidelines including asset allocation guidelines and performance benchmarks for each of its investment managers. The investment managers and asset allocation are overseen by an Investment Committee that includes members and nonmembers of JFCS' Board of Directors and are reviewed by the Board of Directors.

Credit risk associated with accounts receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies and donors supportive of JFCS' mission. Investments are made by diversified investment managers whose performance is monitored by JFCS and the Investment Committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, JFCS believes that the investment policies and guidelines are prudent for the long-term welfare of JFCS.

As of and for the year ended June 30, 2024, approximately 92% of grants and contribution receivable is from four donors and 46% of grants and contribution revenue, including contributions designated for donor-advised funds, are from three donors.

Note 5 – Contributions Receivable, Net

Contributions receivable, net consisted of the following at June 30, 2024:

Grants	$ 5,799,000
Contributions	25,934,558
Endowment promises to give	317,327
Contracts	5,376,615
Gross contributions receivable	37,427,500
Less: discount on net present value (0.41% to 4.80%)	(3,096,518)
Less: allowance for uncollectable promises to give	(108,096)
Contributions receivable, net	$ 34,222,886

As of June 30, 2024, contributions receivable are estimated to be collected as follows:

Within one year	$ 14,170,280
Within one to five years	23,257,220
	$ 37,427,500

Note 6 – Investments and Fair Value Measurements

JFCS reports certain assets and liabilities at fair value in the financial statements. U.S. GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available.

A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that JFCS can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, JFCS develop inputs using the best information available in the circumstances.

At June 30, 2024, JFCS held funds of $2,997,558 and $8,979,874 in private equity funds and a fund of funds, respectively, which are referred to as "alternative investments," whose values have been estimated by JFCS in the absence of readily ascertainable market values. The estimate of fair value is based on the net asset value (NAV) provided to JFCS by the alternative investment fund, supported by independently audited financial statements of the alternative investment fund, when available.

The following tables summarize JFCS' investments by the fair value hierarchy at June 30, 2024:

	Total 2024	Level 1	Level 2	Level 3	NAV
Investments:					
Highly liquid investments	$ 5,638,537	$ 5,638,537	$ -	$ -	$ -
Equity securities	40,632,688	40,632,688	-	-	-
Fixed income	28,274,035	4,375,487	23,898,548	-	-
Private equity funds	2,997,558	-	-	-	2,997,558
Fund of funds	8,979,874	-	-	-	8,979,874
	86,522,692	50,646,712	23,898,548	-	11,977,432
Split-interest agreements:					
Money market	434,317	434,317	-	-	-
Certificates of deposit	130,143	-	130,143	-	-
Equity securities	4,794,473	4,794,473	-	-	-
Fixed income	2,828,918	265,415	2,563,503	-	-
	8,187,851	5,494,205	2,693,646	-	-
	$ 94,710,543	$ 56,140,917	$ 26,592,194	$ -	$ 11,977,432

For the year ended June 30, 2024, net investment return consisted of the following:

Interest and dividend income	$ 2,302,697
Realized loss	(274,011)
Unrealized gain	6,069,323
Investment management fees	(289,082)
Net investment return	$ 7,808,927

Alternative investment strategy and redemption information – The investment strategy, commitments to additional capital contributions, and various features of the alternative investments in fund of funds as of June 30, 2024, are as follows:

Private equity funds:	
Fair value	$ 2,997,558
Unfunded commitments	$ 240,000
Redemption frequency	following 3-year investment period, annual liquidity on 12/31
Redemption notice period	90 calendar days' notice
Holdback	none
Fund of funds:	
Fair value	$ 8,979,874
Unfunded commitments	$ -
Redemption frequency	June 30th and December 31st
Redemption notice period	95 days' prior written consent
Holdback	5% holdback for full redemption request

Private equity funds – This category includes one investment fund with an objective, through its investment in the Master Fund, to deliver risk-adjusted returns with lower volatility and low correlation relative to the public credit markets by investing in directly-sourced and privately negotiated secured debt issued by North American-based middle market firms. The investment holdings for this Fund includes investments in senior-secured debts, junior-secured debts, and equity securities valued at NAV.

Fund of funds – This category includes one investment fund with an objective, through its investment in the Master Fund, to produce long-term, risk-adjusted returns with low volatility and downside protection qualities by allocating and reallocating assets among a select group of nontraditional portfolio managers that invest or trade in a wide range of securities and other instruments. It employs various investment strategies to achieve its objective. The top five strategies employed by this Fund include equities-fundamental, multi-strategy, residential mortgages, special situations, and quantitative strategies.

Note 7 – Property and Equipment, Net

As of June 30, 2024, property and equipment, net consisted of the following:

Buildings	$ 79,180,879
Land	28,826,388
Furniture and equipment	7,899,369
Construction in progress	3,321,172
Computer equipment	1,856,516
Vehicles	1,321,864
Website/software in development	228,213
Leasehold improvements	84,798
	122,719,199
Less: accumulated depreciation/amortization	(23,511,829)
	$ 99,207,370

Note 8 – Line of Credit

JFCS has a $3,000,000 line of credit with a Bank, secured by property. Borrowings under the line bear interest at the bank's prime rate plus 0.25% (8.75% at June 30, 2024). At June 30, 2024, there were no borrowings on the line of credit.

Note 9 – Notes Payable

As of June 30, 2024, notes payable consisted of the following:

Chase Bank, secured by real property, monthly payments of $29,773 including interest at 3.20%, matures August 2030.	$ 5,459,660
Berstein margin loans, secured by investments in securities held by investment firm, interest at 5.87%.	8,135,603
Jewish Community Federation, unsecured, monthly payments of $16,820 including interest at 3.0%, matures August 2030.	1,135,199
	$ 14,730,462

Maturities of notes payable are as follows as of June 30, 2024:

Years Ending June 30,	
2025	$ 366,165
2026	363,524
2027	375,130
2028	386,638
2029	399,450
Thereafter	12,839,555
	$ 14,730,462

Note 10 – Net Assets with Donor Restrictions

As of June 30, 2024, net assets with donor restrictions are restricted for the following purposes or periods:

Subject to expenditure for specified purpose:	
Older adults	$ 1,854,457
Children and youth services	9,161,244
Adult services	219,204
Holocaust Center capital campaign	22,894,951
Community services	7,249,581
Split interest agreements	2,124,751
	43,504,188
Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	170,351
Perpetual in nature, not subject to spending policy or appropriation:	
Beneficial interests in perpetual trusts	176,991
Endowment funds (Note 11)	56,008,048
Total net assets with donor restrictions	$ 99,859,578

All net assets with donor restrictions, not perpetual in nature, are expected to be released from restriction by June 30, 2029.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors are as follows for the year ended June 30, 2024:

Satisfaction of purpose restrictions:	
Adult services	$ 7,181,869
Older adults	4,227,707
Children and youth services	3,917,070
Community services	2,191,000
Holocaust Center capital campaign	1,070,820
	18,588,466
Satisfaction of time restrictions	228,387
Endowment earnings appropriated	1,634,296
Total net assets releases from donor restrictions	$ 20,451,149

Note 11 – Endowment

For the year ended June 30, 2024, JFCS' endowment consists of 411 donor-restricted funds established for a variety of purposes. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

JFCS' Board of Directors has interpreted the California enacted Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, JFCS classifies the endowment as net assets with donor restrictions which consist of (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by JFCS in a manner consistent with the standard of prudence prescribed by UPMIFA.

Endowment spending policy – In accordance with UPMIFA, JFCS' Board of Directors considers the following factors in making a determination to appropriate funds for distribution:

1. The duration and preservation of the fund
2. The purpose of JFCS and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments

6. Other resources of JFCS
7. The investment policies of JFCS

JFCS' Board of Directors has adopted a policy of appropriating for distribution each year no more than the weighted average of 70% of the previous year's appropriation adjusted for inflation and 30% of 4% of the fair value of endowment assets as of the measurement date.

In some years, economic conditions lead to distributions from endowment in excess of the Board appropriation. It is the policy of the JFCS' Board of Directors to consider excess distributions as temporary withdrawals from endowment and to maintain an ongoing plan for repayment of excess distributions to endowment.

Investment policy, strategies, and objectives – The Board of Directors has adopted investment and spending policies for endowment assets that are intended to provide a predictable stream of funding to programs supported by its endowment funds. Accordingly, it is the goal of the aggregate endowment fund assets (excluding assets segregated for split-interest gifts) to meet or exceed a real rate of return (inflation-adjusted) of 4% after fees and costs, but before annual spending.

Actual returns in any given year may vary from this amount. Endowment assets are invested in a well-diversified asset mix, which includes cash equivalents, fixed income securities, equity securities, mutual funds, exchange traded funds, and fund of funds. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed so that the fund is not exposed to unacceptable levels of risk.

The fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA, as interpreted by the JFCS' Board, requires JFCS to retain as a fund of perpetual duration. There are no deficiencies of this nature reported in net assets as of June 30, 2024.

As of June 30, 2024, assets restricted for endowment consisted of the following:

Investments	$ 55,415,797
Promises to give	303,483
Notes receivable	288,768
	$ 56,008,048

As of June 30, 2024, endowment net assets with donor restrictions composition by type of fund are as follows:

Original donor-restricted gift	$ 51,344,906
Accumulated investment gains	4,663,142
	$ 56,008,048

Changes in endowment net assets with donor restrictions for the year ended June 30, 2024, are as follows:

Balance, beginning of year	$ 50,794,928
Net investment gain	5,250,444
Endowment contributions	1,596,972
Apportionment of endowment assets pursuant to spending rate policy	(1,634,296)
Balance, end of year	$ 56,008,048

Note 12 – Retirement Plans

JFCS sponsors a defined-contribution plan organized as a qualified plan under IRS §403(b). Employees who elect to participate in the plan may make qualified contributions into the plan on a tax deferred basis. Eligible employees also receive an employer contribution. Under terms of the plan, the employer portion is funded subsequent to the end of each calendar year. JFCS records the employer share of retirement benefits as part of payroll taxes and benefits in the statement of functional expenses. Pension expense for the 403(b) defined-contribution plan was $1,217,040 for the year ended June 30, 2024.

JFCS assumed a 457(b) deferred compensation plan from the merger with RGP (see Note 15), primarily for the purpose of providing deferred compensation for a select group of employees to accumulate retirement assets. The 457(b) plan enables participants to defer income on a pre-tax basis and is not matched with contributions from JFCS. The total market value of the 457(b) investments and the related deferred compensation obligation to employees included in the statement of financial position as of June 30, 2024, was $437,526.

Note 13 – Lease Commitments

JFCS leases program facilities under operating lease agreements expiring on various dates through July 2040. As of June 30, 2024, future minimum lease payments under operating leases obligations are summarized as follows:

Years Ending June 30,		
2025	$	135,110
2026		135,110
2027		135,110
2028		135,110
2029		135,110
Thereafter		1,497,472
Total lease payments		2,173,022
Less: present value discount		(333,987)
Operating lease liability	$	1,839,035

ROU operating asset amortization cost for year ended June 30, 2024, was $94,706. Cash paid under the operating leases for the year ended June 30, 2024, was $135,110.

The following table includes supplemental operating lease information as of and for the year ended June 30, 2024:

Weighted average remaining lease term (in years)	16.08
Weighted average discount rate	2.15%

JFCS also leases computer equipment under finance lease agreements expiring on various dates through May 2028. As of June 30, 2024, future minimum lease payments under finance lease obligations are summarized as follows:

Years Ending June 30,		
2025	$	121,729
2026		107,253
2027		61,888
2028		39,040
2029		12,772
Total lease payments		342,682
Less: present value discount		(59,004)
Finance lease liability	$	283,678

ROU finance asset amortization for year ended June 30, 2024, was $87,567. Interest expense under finance lease agreements for the year ended June 30, 2024, was $29,982.

The following table includes supplemental finance lease information as of and for the year ended June 30, 2024:

Weighted average remaining lease term (in years)	3.17
Weighted average discount rate	12.00%

Note 14 – Related-Party Transactions

The Board members donated approximately $5,467,000 to JFCS during the year ended June 30, 2024. Of these amounts, $370,000 is included in contributions without donor restrictions and $5,097,000 is included in contributions with donor restrictions in the statement of activities for the year ended June 30, 2024.

Note 15 – Merger with Scott Street Senior Housing Complex (dba Rhoda Goldman Plaza)

On January 1, 2024, Scott Street Senior Housing Complex, Inc. (dba Rhoda Goldman Plaza), a California nonprofit public benefit corporation (RGP) was merged into JFCS. Under the terms of a merger agreement, RGP merged with and into JFCS leaving JFCS as the surviving corporation and RGP ceased to exist as an independent entity. The combination naturally builds on JFCS' longstanding partnership with RGP. In accordance with FASB ASC Topic 958-805, *Not-for-Profit Mergers and Acquisitions*, the combination was accounted for as a business combination using the acquisition method of accounting, which requires the basis of the assets acquired and the liabilities assumed to be recorded at their respective fair values at the merger date. No consideration was transferred. JFCS recorded an inherent contribution of $69,624,671 as a result of this transaction, as follows:

Assets acquired at fair value:	
Cash and cash equivalents	$ 721,929
Prepaid expenses and deposits	391,735
Investments	14,506,068
Property and equipment, net	59,636,186
Deferred compensation assets	403,089
Total assets acquired at fair value	75,659,007
Less: liabilities assumed at fair value	
Accounts payable and accrued expenses	1,719,078
Notes payable	3,912,169
Deferred compensation liability	403,089
Total liabilities assumed at fair value	6,034,336
Inherent contribution	$ 69,624,671

Note 16 – Subsequent Events

Subsequent events are events or transactions that occur after the statement of financial position date, but before the financial statements are available to be issued. JFCS recognized in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including estimates inherent in the process of preparing financial statements. JFCS' financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position, but arose after the statement of financial position date before the financial statements were available to be issued.

In the preparation of these financial statements, JFCS considered subsequent events through December 6, 2024, which is the date these financial statements were available for issuance.